

Commonwealth of Virginia

Fiscal Fundamentals



PURCHASE CARD

- Welcome to the Small Purchase Charge Card or SPCC section of Fiscal Management Training
- I am Valerie Smith, Charge Card Administration Project Analyst

Benefits of SPCC

- Streamline procurement and payment of goods and services
- Reduces volume of vendor payments and associated administrative costs
- Consolidates vendor payment process



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- Purchasing cards offer State agencies and institutions the opportunity to streamline procedures for procuring and paying for small dollar goods and services.
- It reduces the volume of Accounts Payable transactions and the associated administrative costs by eliminating vendor invoices and consolidating multiple vendor payments into one monthly payment to the charge card vendor.
- **In Fiscal Year 2004, it is estimated that use of the card avoided approximately 470,000 checks from being printed. Just think of the volume of voucher processing and data entry eliminated thus far. Not to mention the facilitation it provides for prompt pay requirements.**

E-Commerce

- Maximize use of SPCC (a “best practice”)
- Make accurate and timely payments
- Non-compliance → Q-Report
- Appropriation Act § 4-5.06 g – check fee for payments not on P-Card (threshold 70%)



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- Maximum use of the purchasing card program in conjunction with other electronic commerce initiatives IS a best practice.
- If each agency would identify one large transaction vendor each quarter for which the card should have been used, the overall compliance rate for the Commonwealth would increase steadily.
- It is essential to the statewide effort to reduce costs associated with paying for goods and services in the Commonwealth.
- Agencies and institutions not maximizing usage of the card and the associated savings are reported in the Comptroller's Report on Statewide Financial Management and Compliance.
- This includes those entities which fail to make accurate and timely payments as communicated in the CAPP manual.
- In accordance with the Appropriate Act, DOA charges a check fee for payments made via CARS which could have been placed on the card.
- Currently that fee is only imposed on those agencies falling below a 70% threshold during each quarter.

Internal Control Principles

- Separation of Duties
- Training and Supervision
- Authorization and Approval
- Review and Reconciliation
- Security of Confidential P-Card Numbers
- Documentation

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- Why are you concerned about internal controls? – For three reasons:
 - First: To ensure purchases are made only for legitimate business purposes – There has been a lot of publicity regarding P-Card programs and their misuse, including a recent article regarding the Commonwealth's program. The program is solid if your internal controls are in place.
 - Second: To ensure purchases are in compliance with policies and procedures.
 - Third: To ensure purchases are supported by adequate documentation
 - And finally: To ensure reconciliations are reviewed and approved timely.
- Some of you may have recently read in the newspapers allegations that the purchasing card program gave way to misuse of State assets. It should be noted that such misuse was not a result of the program as it is simply a method of payment. It is still incumbent upon the internal controls of an agency to ensure policies and procedures are followed.

Separation of Duties


- Purchasing and receiving performed by separate individuals



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- Separation of Duties is a key control to prevent fraud or collusion
- Always have separate individuals performing the purchasing and receiving functions.
- In regards to over-the-counter purchases, the mitigating control will be the supervisor/reviewer certification and approval of the monthly reconciliation as there is no “receiving” performed.

Training and Supervision

- Cardholders, supervisors, and Program Administrators
- Annual re-training required
- DOA website 



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- Supervisors or reviewers and Program Administrators are required to complete their respective training programs.
- These training programs are found on DOA's website and are in the form of PowerPoint with voice overlay.
- Cardholders are required to have training prior to issuance of the card. It is the agencies responsibility to present this training.
- To ensure each party stays abreast regarding all program rules and regulations and are up to date on any changes which may have incurred over the year, annual re-training is also required.
- Each cardholder must sign an agreement stating acknowledgement of the policies and procedures surrounding the use of the card.
- Backup PA – Please ensure that you have designated a backup Program Administrator. This will alleviate any delays in processing transactions due to turnover or absenteeism.

Authorization and Approval

- Transactions must be consistent with policy
- Transactions must be authorized and documented 📁



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- Transactions must be consistent with policy!!!
 - Absolutely no personal purchase – official business purposes only!
 - No split transactions to bypass card limits or commodity restrictions!
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- Transactions must be authorized and documented
 - E-VA provides for automated workflow to ensure approvals are obtained.
 - Point of Sale purchases, as all purchases, must be well documented for subsequent review by the supervisor and yes, ultimately the auditors.


Review and Reconciliation

- Regular reconciliations are essential
- Cardholder bill reviewed by supervisor/ reviewer
- Consolidated bill reviewed by fiscal office
- Make payments timely – you do not have to wait until final reconciliation performed
- Use automated tools – Reports, e-bill

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- Supervisors or Reviewers must review cardholder monthly reconciliations to ensure compliance, accuracy, and adequate documentation.
- The Fiscal Office must receive cardholder reconciliations which have been reviewed and approved by the supervisor or reviewer.
- Additionally, it must validate the consolidated bill received on behalf of the entire agency using these reconciliations along with one performed by the fiscal office for the central charge card bill.
- Please, please, please ensure your fiscal office is making the P-card payment timely and accurately as described in the CAPP Topic 20355.
- You do not have to wait until the final cardholder reconciliation is performed. You are responsible for the amount billed regardless. Any items identified as inaccurate or questionable must be contested outside of the payment process.
- To facilitate timely and accurate reconciliations, encourage all cardholders and the fiscal office to use the automated tools available to them to include the Online Program Management Reports and e-bill.

Security

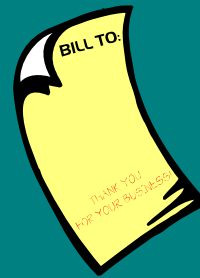
- Protect card number
- Do not share card number
- Do not fax card number to vendors
- Suspend card if misused 
- Terminate card immediately upon employee moving to another position or terminating

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- Emphasize to all cardholders – PROTECT THAT CARD NUMBER
- The P-Card numbers should NEVER be shared
- Do not fax card numbers to vendors.
- If a cardholder is found to be in non-compliance – suspend the card
- And by all means, ensure cards held by employees moving out of positions where the card was required or terminating employment are cancelled immediately.
- Remember – the agency IS liable for any charges on the P-Card.

Documentation

- Policies and procedures should be well documented and updated timely
- CAPP manual on DOA's website
- All transactions must be supported by sufficient documentation



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- Well documented policies and procedures promote employee understanding and help ensure compliance
- Additionally they help to ensure uninterrupted processing during employee absences and turnover.
- CAPP Topic 20355 gives a huge amount of information regarding the rules and regulations over the purchasing program.
- However, internal policies, procedures and guidelines must be documented as well.
- Documentation also extends to sufficient support of the purchasing transaction.
- For example, receiving reports are required to be maintained as well as purchase orders. Be sure you have an audit trail that cannot be questioned.
- **Think of an auditor, whether it be internal, DOA, or APA as “Mama” and when “Mama ain’t happy”**

Program Administrator

- Program Administrator Form
- Card maintenance
- Training
- Compliance
- Annual analysis



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- The Program Administrator is essentially the patrolman of the purchasing card program who has been sworn in by the Program Administrator Form.
- The PA is responsible for all card maintenance: issuance of new cards, suspending and canceling cards, monitoring and canceling inactive cards, and modifying industry restrictions and limits on a case by case basis.
- The PA also is responsible for training cardholders in the proper usage and security of the card and procurement guidelines as well as training supervisors in their roles as reviewers.
- On an annual basis the supervisors of any cardholders must complete an analysis of each cardholders usage and limits to evaluate if changes are required. The PA must then submit a certification to DOA stating it has been completed.

CAPP Topic 20355


- Small Purchase Charge Card
- Extensively enhanced
- PA and Fiscal Officer should review
- Outlines do's and don'ts, payment process, and online tools



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- Be sure your agency Program Administrator is well versed in CAPP Topic 20355 and all other information available on DOA's web site related to the purchasing card.
- The CAPP topic has recently been extensively enhanced to identify correct and incorrect usages of the card, the correct payment process, and online tools available to facilitate timely and accurate review and payment of the purchasing card bill.

Other Initiatives

- Constant challenge
- Use of e-VA – DGS
- SWAM – DMBE
- SPCC – DOA 
- Ghost Card
- All challenges can be met with some planning
- RFP awarded – GE MasterCard

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- As Fiscal Officers you are constantly challenged with meeting directives presented by various organizations in the Commonwealth.
- The Department of General Services has mandated use of eVA for the purchase of most goods and services
- The Department of Minority Business Enterprises (along with the Governor) have mandated a percentage of business be procured with small, women, and minority owned business where available.
- And of course the Department of Accounts mandates usage of the Small Purchase Charge Card wherever possible.
- DOA is piloting a ghost card program to allow for a non-plastic, centralized purchase card for use in eVA to facilitate spend on the card and streamline the payment processing providing administrative efficiencies.
- All these initiatives can be met with some planning. They are not in contradiction with one another but are all components of best practices related to procurement in State government.
- And finally, DOA has issued a new combined contract for the Purchase Card and Travel Card programs. As of October 2005, the Commonwealth will have a MasterCard as the card platform for the Purchase and Travel programs. The vendor who won the bid is GE Payment Systems based out of Salt Lake City. In order to keep abreast of any changes regarding the program, please frequent the Charge Card Administration web page for information.

References

- CAPP Manual Topics
 - [20336](#), Agency Travel Processing
 - [20355](#), Purchasing Charge Card
- Charge Card Administration Web Page
 - http://www.doa.virginia.gov/Payroll/Charge_Card/Charge_Card_Main.cfm
- Charge Card Bulletins
 - Issued periodically
 - Found on the Charge Card Administration web page

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The following are references to a variety of data to assist you in the Purchase and Travel Card Programs.

CAPP Topic 20336 – Agency Travel Processing

CAPP Topic 20355 – Purchasing Charge Card

Charge Card Administration Web Page

http://www.doa.virginia.gov/Payroll/Charge_Card/Charge_Card_Main.cfm

Charge Card Bulletins are issued periodically with a variety of news and directives. They can be found on the Charge Card Administration web page.

Contacts

- cca@doa.virginia.gov
- 804-371-4350 – voice
- 804-786-9201 – facsimile
- U. S. Mail:
Charge Card Administration
Virginia Department of Accounts
P. O. Box 1971
Richmond, VA 23218-1971

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The following contacts are available to you:

There is a SPCC mailbox to address all Purchase card inquiries to, including SPCC, Gold Card, Ghost card, etc.

There is a Travel mailbox to address all Travel Card inquiries to, including the agency billed Air Travel Card as well as the individual travel cards.

The phone and 2 fax numbers are available to you for both programs.

And of course, if you ever need to mail us something, our address is indicated above. If you need our physical mailing address for UPS deliveries, please email SPCC or Travel emails stated above and we will be happy to provide that to you.